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7 JUL 1978

11 JUL 1978

MEMORANDUM FOR: Director of Central Intelligence

FROM: Acting Deputy Legislative Counsel

SUBJECT: Senate Select Committee on Ethics Korean
Influence Inquiry - Conflicting Testimony
Involving Tongsun Park and Campaign
Contributions to Senator Birch Bayh

1. (U) Action requested: None; for your information only.

2. (IUO) Background: On 19 June the Senate Select Committee on Ethics released an "Interim Status Report" on its Korean Influence Inquiry. Transcripts of executive session hearings held during March and April were also made public. The Committee's summary of testimony involving Tongsun Park and campaign contributions to Senator Birch Bayh (D., Ind.) is attached in Tab A. The Committee heard from Park, Senator Bayh, Senator Bayh's former Executive Assistant, Jason Berman (who now heads his own public relations firm in Washington), and Edward Merrigan, a Washington attorney.

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Chicago Tribune
21 June 1978

Dilemma in Bayh gift probe: 2 versions of truth to believe

WASHINGTON [UPI]—Senate investigators are faced with sharply opposing testimony in trying to determine whether South Korean businessman Tongsun Park improperly contributed at least \$1,500 to Sen. Birch Bayh's 1974 re-election campaign.

In a case that could be likened to several others in the long-running investigation of South Korean lobbying on Capitol Hill, the Senate Ethics Committee revealed secret testimony Monday showing this dilemma in the investigation of the Indiana Democrat:

- Park testified that at the request of a Bayh aide, he gave Bayh's campaign a contribution that was not reported to federal election officials as required by a 1972 law.

- Bayh swore he never received a cent from the millionaire rice dealer.

- Park said the Bayh aide also requested he urge his friends to contribute; a Washington lawyer confirmed

that at Park's suggestion, he donated \$1,200.

- Both Bayh and his former top assistant, Jason Berman, deny Park ever was asked to contribute or to round up other contributors.

"In the case of Bayh, the committee staff and the committee itself have to decide which of the four stories . . . is correct," said Victor Kramer, the committee's special counsel, in releasing an interim report on the panel's long investigation.

CONTAINED IN the report was testimony regarding possible improprieties by eight present and former senators, including Bayh. In almost every case, there was no clear-cut evidence of wrongdoing.

The report said Park spent \$3,800 hosting a black tie dinner in Bayh's honor in 1973 at the George Town Club, where Park often entertained public officials in

his days as a Washington socialite.

Park testified that in late 1974, he was approached by a Bayh aide, probably Berman, who asked him to make a campaign contribution. He said he donated between \$1,500 and \$1,800 but never discussed it with Bayh.

Park said that at Berman's request, he also urged Washington lawyer Edward Merrigan and Claude Wild, a former Gulf Oil Corp. lobbyist, to contribute.

"I DON'T KNOW whether they made a contribution or not," Park said. "But I certainly remember making a contribution in the form of cash to Berman . . . I cannot say for sure, but I think it was Jay Berman."

Bayh told the committee of Park: "He gave me no money, no gifts of any consequence, and the same can be said to the best of my knowledge to my staff and unequivocally, of course, to my family."

Ethics Panel Finds Conflicts In Testimony on Korean Case

By Charles R. Babcock
Washington Post Staff Writer

The Senate Ethics Committee has turned over to the Justice Department possible perjury cases stemming from cash payments that accused South Korean agent Tongsun Park said he made to three senators.

The committee's first official report of its investigation of alleged South Korean influence-buying points out conflicts between the sworn testimony of Park and aides to Sen. Birch Bayh (D-Ind.), the late senator Hubert H. Humphrey (D-Minn.) and former senator Jack Miller (R-Iowa).

Committee chairman Adlai E. Stevenson (D-Ill.) said at a press conference that since "all the statements were made under oath, that possibility [perjury] exists." But he also said the committee had made no recommendation to Justice prosecutors on how they should judge the different stories.

None of the senators is involved in the conflicting testimony because Park made the alleged payments through the aides. Without corroboration from an independent source or document it is difficult to turn such one-on-one conflicts into a perjury case, a knowledgeable Justice official said yesterday.

The committee's report yesterday reaches no conclusions about the conduct of the senators who accepted cash from Park. And the "interim status report" and an accompanying 857-page volume of executive session testimony add little about Park's activities in the Senate.

Victor Kramer, the committee's special counsel, did say that the late senator John L. McClellan (D-Ark.) acknowledged last fall, shortly before his death, that he had accepted \$1,000 in cash from Park in 1972. It was not reported as a campaign contribution as required by law, which Kramer termed an "admitted impropriety."

The conflicts in testimony arose in these instances:

- Park said that he gave from \$1,500 to \$1,800 in cash in the fall of 1974 to Jason Berman, Bayh's executive assistant. Berman denied it.
- Park testified that he gave \$5,000 in cash to John Morrison, a Humphrey campaign aide, in the spring of 1972 for the senator's presidential race. Morrison said he didn't believe he'd ever met Park and remembered no such donation.
- Park said he made a \$3,000 cash contribution to Miller's campaign in the fall of 1972 through aide Stan Browne. Browne testified that he received the funds but later sent them back because he thought it was illegal.

A committee investigator said later that Browne had supplied no receipt to prove he returned the money.

The Senate report also showed that Park paid \$3,800 for a June 1973 dinner at his George Town Club for Bayh. And it detailed Park's previously reported payments to the late senator Joseph M. Montoya (D-N.M.), Sens. Harry F. Byrd Jr. (Ind.-Va.) and Spark M. Matsunaga (D-Hawaii) and former senator Stuart Symington (D-Mo.).

Byrd, Symington and Matsunaga received \$500 checks from Park in 1970 and Matsunaga received and reported a \$1,000 cash donation from Park in 1972.

Montoya received a \$3,000 check from Park in 1970 and in 1973 Park sent a \$2,000 check to a cemetery fund in New Mexico in memory of Montoya's brother, who was killed in an accident.

Park testified that he told Montoya the \$2,000 memorial was from South Korean President Park Chung Hee. He consistently has denied ever being an agent for the South Korean government. But he said he did get reimbursed for the cemetery fund gift from "the president's office."

Stevenson and Kramer went out of their way yesterday to clear Sen. John G. Tower (R-Tex.) of any appearance of impropriety in his many social dealings with Park.

They did so, they said, because Tower was a member of the committee who had disqualified himself from taking part in the investigation.

Tower had acknowledged receiving gifts of jewelry from Park, but committee investigators had not appraised it, Kramer said. They took Tower's word that it was worth less than \$25, he said.

Stevenson and Sen. Harrison Schmitt (R-N.M.), the ranking minority member of the committee, said they were still interested in hearing from former Korean ambassador Kim Dong Jo, who also is sus-

pected of making cash payments to members of Congress. They would not require sworn testimony, they said.

THE NEW YORK TIMES, TUESDAY, JUNE 20, 1978

Investigators Say McClellan Admitted an Unreported Tongsun Park Gift

WASHINGTON, June 19 (UPI)—Senate investigators said today that Senator John L. McClellan, Democrat of Arkansas, admitted before his death last fall that he had received an unreported campaign donation from Tongsun Park, the South Korean rice merchant.

But spokesmen for three other senators denied Mr. Park's contention that he had contributed money to their campaigns.

In the first formal report on its long, secret inquiry into Mr. Park's activities, the Senate Ethics Committee indicated that Mr. McClellan had violated the law and said that those who were involved in conflicting testimony were Senator Birch Bayh, Democrat of Indiana; the late Senator Hubert H. Humphrey, Democrat of Minnesota; and former Senator Jack Miller, Republican of Iowa.

Reports on \$100 Required

Mr. McClellan was said to have disclosed his situation a month before he died last November to the panel headed by Senator Adlai E. Stevenson 3d, Democrat of Illinois. The report said that Mr. Park had given \$2,000 through Mr. McClellan's nephew for the Senator's last successful election campaign in 1972 and that \$1,000 had been returned.

A Federal law that took effect in April 1972 required official reporting of political donations exceeding \$100.

In other cases, the ethics committee disclosed sworn testimony showing the following:

¶Mr. Bayh denied that Mr. Park had contributed \$1,500 to \$1,800 cash for his 1974 campaign. Mr. Park said he had given the money to a Bayh aide, Jason Berman.

¶A Humphrey fund raiser, John Morrison, denied that Mr. Park had given him \$5,000 or \$10,000 in 1972 when Humphrey waged an unsuccessful bid for the Democratic Presidential nomination. Mr. Park was dating Mr. Humphrey's niece then and said he had given the money so she could be sent to California to campaign for her uncle "and fulfill her little dream."

¶One of Mr. Miller's aides, Stan Browne, said that Mr. Park had donated \$3,000 to Mr. Miller's 1972 campaign, but Mr. Browne said that he had "believed it was illegal" and had had it returned. Mr. Miller said he had known nothing about it until Mr. Park was indicted last year, although Mr. Park said that Mr. Miller had personally asked for the

money and he had "no recollection" that it had been sent back.

¶The late Senator Joseph M. Montoya, Democrat of New Mexico, disclosed that Mr. Park had not only given him a \$3,000 contribution in 1970 but had also provided \$2,000 in 1973 for a cemetery fund for Mr. Montoya's brother, who died in a car accident. Mr. Montoya said that Mr. Park had drafted a letter for him to thank Korean President Park Chung Hee for the memorial.

Inquiry Is Not Completed

In cases of conflicting testimony, the committee declined to report any final conclusions and said that its investigation "is not yet complete." It did not say if it would recommend disciplinary action against any current senator.

Mr. Park, testifying privately in March, told the committee that he had given about \$21,000 to eight present and past senators — compared with roughly \$750,000 distributed among 30 House members — while he earned a fortune as a Washington-based rice agent in the 1970's.

The others named as recipients of Mr. Park's generosity, but apparently facing

no problems, were Harry F. Byrd, Virginia Independent, who got \$500; Senator Spark M. Matsunaga, Democrat of Hawaii, who received \$1,500 while he was a member of the House; and former Senator Stuart Symington, Democrat of Missouri, who got \$500.

Trial for Passman Debated

WASHINGTON, June 19 (AP)—Former Representative Otto Passman, once a powerful figure in American foreign aid activity, sat in a courtroom today listening to doctors and lawyers discuss whether he was senile and unable to stand trial on charges growing out of the Korean influence-buying scandal.

The hearing, which might last several days, was called by United States District Court Judge Barrington D. Parker to determine Mr. Passman's competency to stand trial on a seven-count indictment accusing him of conspiracy to defraud the United States, bribery and accepting an illegal gratuity.

The Government charges that Mr. Passman took \$213,000 from Tongsun Park.

1877-1978: THE FRESH AIR FUND

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10 JUL 1978 JCPM

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Rec'd 10 July 1978

Attached for your information is a memorandum on the Senate Select Committee on Ethics recently released "Interim Status Report" on its Korean Influence Inquiry.

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